

# Washington Calling . . .

## The Postwar Merger

By Marquis Childs

WHEN HE retires from active service some time during the next four or five months, Gen. Alfred M. Gruenther, commander of the North Atlantic Treaty Organization defense forces in Europe, is expected to take one of the top jobs in American industry with compensation, in salary and in stock, in six figures.



Childs

Gruenther will be following an increasingly familiar pattern in recent years of high-ranking generals and admirals moving from the services into big business.

Gruenther is assuring his close associates that he has made no final commitment, either actual or implied. But during the past three years he has received more and more tempting offers from industry.

It is believed that when he finally makes his decision he will go with the Olin Mathieson Chemical Corp., which has ordnance, rocket, jet and nuclear contracts with the Government and plants and offices in half a dozen cities around the country.

The company is the outgrowth of a merger between Olin Industries, Inc., which in turn represented the consolidation of the Winchester Arms Co. and other firms, and the Mathieson Chemical Corp. of New York and Baltimore.

THE GENERAL, whose abilities as an administrator have impressed politicians and businessmen alike, is close to Thomas S. Nichols, president of Olin Mathieson. Nichols is said to be one of several

corporation executives bidding for Gruenther's services.

President Eisenhower's announcement that Gruenther would retire before the end of the year came as a surprise and shock to the world and particularly to Western Europe, where his capacities had been considered important if not essential in holding the NATO structure together.

IN THE CURRENT booming peacetime economy, the problem exists at both ends of the military scale with industry hiring away—at salaries two or three times those of the military—technicians and specialists trained by the services as their terms of enlistment end. The loss of these technicians has seriously handicapped the Strategic Air Command, which is America's deterrent shield.

Whatever Gruenther's salary will be—certainly not less than \$100,000 a year with stock and generous retirement and pension provisions—it makes his Army pay and his retirement prospects in the service look like a pittance.

If Gruenther retired as a four-star general at the fixed retirement age of 62, he would get a pension of about \$7500 a year. If he died, his widow's pension would be \$75 a month. It is the plight of the widow about which top-ranking officers complain most bitterly.

As big business interlocks more and more closely with Government in the spending of up to \$40 billions a year for defense, the generals and admirals have come in ever closer relationship with the men who direct the top 30 or 40 corporations.

THE PULL between the two spheres of power is great. To step from the military sphere to the business sphere, with all this compensation and a more large-handed way of living, is increasingly easy.

Another wartime Eisenhower associate, Gen. Walter Bedell Smith, is vice chairman of the American Machine and Foundry Co. and president and chairman of its subsidiary AMF Atomics, Inc. Smith served in several high civilian posts in Government, including Ambassador to Moscow, head of the Central Intelligence Agency, and finally, Under Secretary of State, before he stepped out into industry.

This movement from the services into Government and then into industry also is becoming a familiar pattern.

President Eisenhower has drawn criticism for naming "big brass" to posts formerly held by civilians, conspicuously in the instance of Lt. Gen. Joseph Swing, who was ap-

pointed Commissioner of the Immigration and Naturalization Service, after which Swing named two other retired generals to two of the four assistant commissionships.

The star example of the postwar merger of the military and business is, of course the President himself. His is a business administration and the men who have surrounded the President, both at work and at play, have been out of big business.

Here is the precedent for one of the most striking developments that has occurred since the greatest of all wars which drew on America's industrial resources as never before.

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